

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF PRISCILLA) APPEAL NO. 07-A-2654
FRALEY from the decision of the Board of) FINAL DECISION
Equalization of Valley County for tax year 2007.) AND ORDER

COMMERCIAL PROPERTY APPEAL

THIS MATTER came on for hearing January 24, 2008, in Cascade, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs, Linda S. Pike and David E. Kinghorn participated in this decision. Appellant Priscilla Fraley appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi and County Appraiser Darcy Maag appeared for Respondent Valley County. This appeal is taken from a final value of the Valley County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. RPM0172016002AA.

The issue on appeal is the market value of a commercial property.

The decision of the Valley County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject property consists of two lots in McCall, Idaho. Lot 1 is improved with a building and has a conditional use permit for commercial use. Lot 2 is bare land used as yard area for Appellant's un-appealed residence which is located on an adjoining parcel. For assessment purposes, the two subject lots are combined on one parcel number.

The assessed Lot 1 land value is \$122,040, Lot 2 is \$67,550, and the commercial improvement value is \$27,110, totaling \$216,700. Appellant requests the land values be reduced to \$95,000 and \$35,000 respectively, and the improvement value remain at \$27,110, totaling \$157,110.

Appellant uses subject as a seasonal retail business and questioned the differences in

assessed value between subject and other business lots in the area. The other business lots were zoned commercial whereas subject is generally zoned residential. The other businesses were located on better traveled roads and have easier access than subject. The land associated with these properties was assessed at rates per square foot between \$2.61 and \$6.00 less than subject.

Some reasons Appellant believed subject's assessed value was too high follow.

- ▶ Access to subject has been restricted or closed down by road work.
- ▶ The storage building across the street is unsightly.
- ▶ Winter snow removal problems.
- ▶ Subject's conditional use permit allows rental only to another retail business.

Appellant's Exhibit No. 1 included charts, photographs, and maps to support the appeal.

County Appraiser Maag explained the concept of economy of scale in answer to Appellant's questions about different value rates per square foot on subject compared to other area business lots. The source for County land sale information was from MLS sales, sales verifications letters, and from asking questions during field appraisal work. The commercial lot was valued with reference to commercial sales and subject's residential lot was valued with reference to residential land sales.

Respondent explained its Sale No. 1 was .1067 acres, land-only, across the street from subject. It sold for \$210,000 in June of 2006. Subject's 0.084 acres was assessed for \$189,590. Subject is an interior property, not main commercial frontage or lake frontage. Respondent's Land Sale No. 2 was lake view property that sold for \$1,445,000. The disparity in values between the two types of property is apparent. Respondent estimated the highest and best use of subject would be to raze the building or add on to it.

Respondent presented three improved comparable sales to support the assessed value of subject. Comparable No. 2 is located south of subject on 3rd Street. The increase in values in this area was 50% and 65% based on sales. Comparable No. 2 sold in 2004 for \$289,000 and resold in 2007 for \$460,000. Respondent reported the recent residential sales in the McCall area also support the increase in values.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho uses market value as its standard in the assessment of property for tax purposes.

Idaho Code § 63-201(10) provides:

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Recent sales, in this case those from 2006, demonstrate the current market. Reference to recent, proximate and similar properties is generally the best method of valuing land. Appellant had no comparable sales to present for the Board's consideration. The value claim for subject land was not well supported. Assessed values of property are not considered good evidence of market value.

Using assessed values, Appellant compared values on a rate per square foot basis. It was noted other business lots had a lower rate per square foot than subject. This did not prove

subject was over-assessed. The other sites compared to subject were dissimilar in size and other features. Respondent explained the more square footage there is, the less the value per square foot. The land schedule would yield a greater total value for a larger site all other factors equal, but the value per unit of comparison would be less as total size increased. Some call this "Economy of Scale." The other business sites Appellant compared to were larger than subject.

Idaho Code § 63-511(4) requires a preponderance of the evidence to sustain the burden of proof.

In any appeal taken to the board of tax appeals or the district court pursuant to this section, the burden of proof shall fall upon the party seeking affirmative relief to establish that the valuation from which the appeal is taken is erroneous, or that the board of equalization erred in its decision regarding a claim that certain property is exempt from taxation, the value thereof, or any other relief sought before the board of equalization. A preponderance of the evidence shall suffice to sustain the burden of proof.

Appellant presented thorough information on the subject property characteristics and its use. However, the associated value claim was not supported by any market sales information or other market value evidence. Respondent's value estimate did consider recent proximate sales and was found to be superior to taxpayer's value case. Appellant has not demonstrated error by a preponderance of the evidence. Therefore the decision of the Valley County Board of Equalization will be affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of (final value from) the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED APRIL 3, 2008